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Date 2-13-96

Surname [REDACTED]

DEC 29 1995

TO: Los Angeles

EIN: [REDACTED]

Dear Applicant:

This is in reply to your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

You were incorporated under [REDACTED] law as nonprofit mutual benefit corporation for the purpose of engaging in any lawful act or activity for which a corporation may be organized under such law. Your by-laws state your objectives are: to foster, develop, promote, train and schedule officials for amateur softball on a nondiscriminatory basis; to provide proper safeguards in accordance with the spirit of true sportsmanship; to encourage the unification of all amateur softball umpires and teams to advance the cause of amateur softball; and to promote and conduct annual softball clinics. Your bylaws indicate that you are affiliated with the [REDACTED] and you incorporate the constitution and bylaws of [REDACTED] by reference. Your bylaws also indicate an affiliation with the [REDACTED] and you also adopt that organization's constitution and bylaws by reference. Members of your organization are softball umpires, and others who pay the stated dues. Your bylaws establish standards for conduct, proficiency and uniforms as well as pay scales for member umpires.

In your application you indicate your activities consist of assigning umpires to local league and tournament activities which are sanctioned by either [REDACTED] or [REDACTED], collecting fees from the organizations which use your umpire services, and disbursing monies, after deduction of membership dues, to your members according to your established pay scale. You also provide insurance for your members in conjunction with association activities, and you keep necessary records of your activities and report members' and non-members' earnings to state and federal agencies.

Section 501(a) of the Internal Revenue Code (Code) provides that organizations described in section 501(c) of the Code are exempt from federal income taxes. Section 501(c)(6) of the Code describes "Business leagues, chambers of commerce....and professional football leagues...not organized for profit and no

RE: [REDACTED]

part of the net earnings of which inures to the benefit of any private shareholder or individual." Regulations under section 501(c)(6) of the Code define a business league as an association of persons having a common business interest whose purpose is to promote the common business interest, and which neither engages in a regular business of a kind ordinarily carried on for profit, nor the performance of particular services for individual persons.

Since your principle activity consists of assigning umpires to officiate games, collecting fees and remitting them to your members, providing insurance for your members engaged in association-related activities, and keeping records for reporting to state and federal authorities, you are engaged primarily in performing particular services to your members. Therefore you do not qualify for exemption as an organization described in section 501(c)(6) of the Code.

During the course of our consideration of your application, we received a communication indicating that you probably should have applied for exemption under section 501(C)(4) of the Code. We have therefore considered your application under that section as well.

In relevant part, section 501(c)(4) describes "Civic Leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare..." For purposes of section 501(c)(4), a social welfare organization is one which benefits the community as a whole. (See *People's Educational Camp Society, Inc. v. Commissioner*, 331 F.2d 923(1964).) In exceptional cases, an organization whose services are limited solely to its members may be considered as benefiting the community as a whole, but only if it is clearly established that making the service available to the particular group benefits the community as a whole. As noted above, you are primarily engaged in performing particular services for your members and there is no information which clearly establishes that such activity benefits the community as a whole. Therefore, you do not qualify for exemption from federal income tax as an organization described in section 501(C)(4) of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principle officers, must be submitted within 30 days from the date of this letter. You also have the right to a conference in this office after your

RE: [REDACTED]

statement is submitted. You must request the conference, if you want one, when you file your protest statement.

Sincerely Yours,

(signed) [REDACTED]

Chief, Exempt Organizations
Rulings Branch 5

	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
OFFICE CODE	[REDACTED]	[REDACTED]					
SURNAME	[REDACTED]	[REDACTED]					
INITIALS/DATE							